

AMENDED IN ASSEMBLY MARCH 19, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

No. 200

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**Introduced by Assembly Member Hagman**

January 29, 2013

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An act to amend ~~Section 42238.1~~ *Sections 42605 and 42606* of the Education Code, relating to education finance.

### LEGISLATIVE COUNSEL'S DIGEST

AB 200, as amended, Hagman. Education finance: ~~inflation adjustment to revenue limits: categorical programs.~~

**Existing**

*(1) Existing law establishes the public elementary and secondary school system in this state and further establishes a funding system under which the state apportions funds to local educational agencies in accordance with school district revenue limits that are calculated as specified. Existing law requires the Superintendent of Public Instruction to annually calculate an inflation adjustment, as specified, that is then used in calculating school district revenue limits various categorical education programs and appropriates the funding for those programs in the annual Budget Act. Existing law requires the Superintendent of Public Instruction, for the 2008–09 to 2014–15 fiscal years, inclusive, to apportion from the amounts provided in the annual Budget Act for specified categorical education programs an amount based on the relative proportion that the local educational agency received in the 2008–09 fiscal year for those programs and authorizes local educational agencies, for those fiscal years, to use these funds, with specified exceptions, for any educational purpose, to the extent permitted by federal law. Existing law requires a school district that receives funding*

*on behalf of a charter school pursuant to certain provisions, for the 2008–09 to 2014–15 fiscal years, inclusive, to continue to distribute the funds to those charter schools based on the same relative proportion that the school district distributed in the 2007–08 fiscal year, as adjusted by the school district to reflect changes in charter school attendance in the school district. Existing law requires a local educational agency to report expenditures of these funds to the State Department of Education. Existing law also requires the Superintendent, for the 2010–11 to 2014–15 fiscal years, inclusive, to allocate a supplemental categorical block grant to a charter school that began operation on or after the 2008–09 fiscal year, as specified.*

~~This bill would make nonsubstantive changes to the provision requiring the annual calculation of the inflation adjustment delete the 2014–15 fiscal year termination dates and would require, commencing with the 2014–15 fiscal year, the apportionments from the categorical education programs, as described above, to be apportioned to recipients by multiplying the recipient's per-pupil rate, calculated as specified, by the recipient's current fiscal year average daily attendance. The bill would also require the department to adopt uniform definitions for reporting the expenditure of the funds and would require a local educational agency, as a condition of receiving the funds, to (A) report the expenditure of those funds to the department, and (B) post information on the expenditure of the funds on the Internet Web site of the local educational agency. By requiring school districts to continue to distribute funds to charter schools, as discussed above, beyond the 2014–15 fiscal year, the bill would impose a state-mandated local program.~~

*(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

*SECTION 1. Section 42605 of the Education Code is amended to read:*

42605. (a) (1) Unless otherwise prohibited under federal law or otherwise specified in subdivision (e), ~~for commencing with the 2008–09 fiscal year to the 2014–15 fiscal year, inclusive,~~ recipients of funds from the items listed in paragraph (2) may use funding received, pursuant to subdivision (b), from any of these items listed in paragraph (2) that are contained in Section 2.00 of the annual Budget Act, for any educational purpose.

(2) Items 6110-104-0001, 6110-105-0001, 6110-108-0001, 6110-122-0001, 6110-124-0001, 6110-137-0001, 6110-144-0001, 6110-150-0001, 6110-151-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001, 6110-267-0001, 6110-268-0001, and 6360-101-0001 of Section 2.00.

(b) (1) (A) For the 2009–10 fiscal year to the ~~2014–15~~ 2013–14 fiscal year, inclusive, the Superintendent or other administering state agency, as appropriate, shall apportion from the amounts provided in the annual Budget Act for the items enumerated in paragraph (2) of subdivision (a) an amount to recipients based on the same relative proportion that the recipient received in the 2008–09 fiscal year for the programs funded through the items enumerated in paragraph (2) of subdivision (a).

(B) (i) *Commencing with the 2014–15 fiscal year, the Superintendent or other administering state agency, as appropriate, shall, for the items enumerated in paragraph (2) of subdivision (a), apportion an amount to a recipient by multiplying the per-pupil rate, as determined in clause (ii), by the recipients current fiscal year average daily attendance.*

(ii) *For purposes of this subparagraph, the per-pupil rate shall be determined by dividing the amount a recipient received in the 2008–09 fiscal year for the programs funded through the items*

1 *enumerated in paragraph (2) of subdivision (a) by the recipient's*  
2 *2008–09 fiscal year average daily attendance.*

3 (2) This section and Section 42 of Chapter 12 of the Third  
4 Extraordinary Session of the Statutes of 2009 do not authorize a  
5 school district that receives funding on behalf of a charter school  
6 pursuant to Sections 47634.1 and 47651 to redirect this funding  
7 for another purpose unless otherwise authorized in law or pursuant  
8 to an agreement between a charter school and its chartering  
9 authority. Notwithstanding paragraph (1), ~~for commencing with~~  
10 ~~the 2008–09 fiscal year to the 2014–15 fiscal year, inclusive,~~ a  
11 school district that receives funding on behalf of a charter school  
12 pursuant to Sections 47634.1 and 47651 shall continue to distribute  
13 the funds to those charter schools based on the relative proportion  
14 that the school district distributed in the 2007–08 fiscal year, and  
15 shall adjust those amounts to reflect changes in charter school  
16 attendance in the *school* district. The amounts allocated shall be  
17 adjusted for any greater or lesser amount appropriated for the items  
18 enumerated in paragraph (2) of subdivision (a). For a charter school  
19 that began operation in the 2008–09 fiscal year, if a school district  
20 received funding on behalf of that charter school pursuant to  
21 Sections 47634.1 and 47651, the school district shall continue to  
22 distribute the funds to that charter school based on the relative  
23 proportion that the school district distributed in the 2008–09 fiscal  
24 year and shall adjust the amount of those funds to reflect changes  
25 in charter school attendance in the *school* district. The amounts  
26 allocated shall be adjusted for any greater or lesser amount  
27 appropriated for the items enumerated in paragraph (2) of  
28 subdivision (a).

29 (3) Notwithstanding paragraph (1), ~~for commencing with the~~  
30 ~~2008–09 fiscal year to the 2014–15 fiscal year, inclusive,~~ the  
31 Superintendent shall apportion from the amounts appropriated by  
32 Item 6110-211-0001 of Section 2.00 of the annual Budget Act an  
33 amount to a charter school in accordance with the per-pupil  
34 methodology prescribed in subdivision (c) of Section 47634.1.

35 (4) Notwithstanding paragraph (1), ~~for commencing with the~~  
36 ~~2008–09 fiscal year to the 2014–15 fiscal year, inclusive,~~ the  
37 Superintendent shall apportion from the amounts provided in the  
38 annual Budget Act an amount to a school district, charter school,  
39 and county office of education based on the same relative  
40 proportion that the local educational agency received in the

2007–08 fiscal year for the programs funded through the following items contained in Section 2.00 of the annual Budget Act: 6110-104-0001, 6110-105-0001, 6110-156-0001, 6110-190-0001, Schedule (3) of 6110-193-0001, 6110-198-0001, 6110-232-0001, and Schedule (2) of 6110-240-0001.

(5) For purposes of paragraph (4), if a direct-funded charter school began operation in the 2008–09 fiscal year, the amount that the charter school was entitled to receive from the items enumerated in paragraph (4) for the 2008–09 fiscal year, as certified by the Superintendent in March 2009, is deemed to have been received in the 2007–08 fiscal year.

(c) (1) This section does not obligate the state to refund or repay reductions made pursuant to this section. A decision by a school district to reduce funding pursuant to this section for a state-mandated local program shall constitute a waiver of the subvention of funds that the school district is otherwise entitled to pursuant to Section 6 of Article XIII B of the California Constitution on the amount so reduced.

(2) (A) As a condition of receipt of funds, the governing board of the school district or governing board of the county office of education, as appropriate, at a regularly scheduled open public hearing shall take testimony from the public, discuss, approve or disapprove the proposed use of funding, and make explicit for each of the budget items in paragraph (2) of subdivision (a) the purposes for which the funds will be used.

(B) The regularly scheduled open public hearing held pursuant to subparagraph (A) shall be held before and independent of a meeting where the governing board of the school district or governing board of the county office of education adopts a budget. If the governing board intends to close a program funded by the items listed in paragraph (2) of subdivision (a), the governing board shall identify, in the notice of the agenda of the public hearing or at another public hearing, the program or programs proposed to be closed.

~~Using~~ (3) (A) *As a condition of receipt of funds, using the Standardized Account Code Structure reporting process, a local educational agency shall report to the department expenditures of funds pursuant to the authority of this section by using the appropriate function codes to indicate the activities for which these funds are expended. The department shall collect and provide this*

1 information to the Department of Finance and the appropriate  
2 policy and budget committees of the Legislature by April 15, 2010,  
3 and annually thereafter on April 15 ~~until, and including, April 15,~~  
4 ~~2016.~~

5 *(B) The department shall adopt uniform definitions for the*  
6 *Standardized Account Code Structure reporting process.*

7 *(4) As a condition of receipt of funds, a local educational agency*  
8 *shall post information on the expenditures of funds pursuant to*  
9 *the authority of this section on its Internet Web site.*

10 ~~(d) For Commencing with the 2008–09 fiscal year to the 2014–15~~  
11 ~~fiscal year, inclusive,~~ local educational agencies that use the  
12 flexibility provision of this section shall be deemed to be in  
13 compliance with the program and funding requirements contained  
14 in statutory, regulatory, and provisional language, associated with  
15 the items enumerated in subdivision (a).

16 (e) Notwithstanding subdivision (d), the following requirements  
17 shall continue to apply:

18 (1) For Item 6110-105-0001 of Section 2.00 of the annual  
19 Budget Act, the amount authorized for flexibility shall exclude the  
20 funding provided to fund remedial educational services pursuant  
21 to Provision 4. For Item 6110-156-0001 of Section 2.00 of the  
22 annual Budget Act, the amount authorized for flexibility shall  
23 exclude the funding provided for instruction of CalWORKs-eligible  
24 ~~students~~ *pupils* pursuant to Schedules (2) and (3) and Provisions  
25 2 and 4.

26 (2) (A) Any instructional materials purchased by a local  
27 educational agency for kindergarten and grades 1 to 8, inclusive,  
28 and for grades 9 to 12, inclusive, shall be aligned with the state  
29 standards adopted pursuant to Section 60605 or 60605.8, and shall  
30 also meet the reporting and sufficiency requirements contained in  
31 Section 60119.

32 (B) For purposes of this section, ~~“sufficiency” means~~  
33 *“sufficiency requirements” are the requirements* that each pupil  
34 has sufficient textbooks and instructional materials in the four core  
35 areas as defined by Section 60119 and that all pupils within the  
36 local educational agency who are enrolled in the same course shall  
37 have identical textbooks and instructional materials, as specified  
38 in Section 1240.3.

39 (3) For Item 6110-195-0001 of Section 2.00 of the annual  
40 Budget Act, the item shall exclude moneys that are required to

fund awards for teachers that have previously met the requirements necessary to obtain these awards, until the award is paid in full.

(4) For Item 6110-266-0001 of Section 2.00 of the annual Budget Act, a county office of education shall conduct at least one site visit to each of the required schoolsites pursuant to Section 1240 and shall fulfill all of the duties set forth in Sections 1240 and 44258.9.

(5) For Item 6110-198-0001 of Section 2.00 of the annual Budget Act, a school district or county office of education that operates the child care component of the Cal-SAFE program shall comply with paragraphs (5) and (6) of subdivision (c) of Section 54746.

(f) This section does not invalidate any state law pertaining to teacher credentialing requirements or the functions that require credentials.

*SEC. 2. Section 42606 of the Education Code is amended to read:*

42606. (a) To the extent funds are provided, ~~for commencing with the 2010–11 to the 2014–15 fiscal years, inclusive year,~~ the Superintendent shall allocate a supplemental categorical block grant to a charter school that began operation during or after the 2008–09 fiscal year. These supplemental categorical block grant funds may be used for any educational purpose. Commencing in the 2011–12 fiscal year, a locally or direct funded charter school that converted from a preexisting school ~~between~~ *on or after* the 2008–09 ~~and 2014–15~~ fiscal years, ~~inclusive year,~~ is not eligible for funding specified in this section. A charter school that receives funding pursuant to this subdivision shall not receive additional funding for programs specified in paragraph (2) of subdivision (a) of Section 42605, with the exception of the program funded pursuant to Item 6110-211-0001 of Section 2.00 of the annual Budget Act.

(b) (1) For the 2010–11 fiscal year, the supplemental categorical block grant shall equal one hundred twenty-seven dollars (\$127) per unit of charter school average daily attendance as determined at the 2010–11 second principal apportionment for charter schools commencing operations during or after the 2008–09 fiscal year. A locally funded charter school that converted from a preexisting school during or after the 2008–09 fiscal year is not eligible for funding specified in this section.

(2) ~~For Commencing with the 2011–12 to the 2014–15 fiscal years, inclusive year,~~ the supplemental categorical block grant shall equal one hundred twenty-seven dollars (\$127) per unit of charter school average daily attendance as determined at the current year second principal apportionment for charter schools commencing operations during or after the 2008–09 fiscal year. In lieu of this supplemental grant, a school district shall provide new conversion charter schools that commenced operations within the district during or after the 2008–09 fiscal year, one hundred twenty-seven dollars (\$127) per unit of charter school average daily attendance as determined at the current year second principal apportionment. This paragraph does not preclude a school district and a new conversion charter school from negotiating an alternative funding rate. Absent agreement from both parties on an alternative rate, the school district shall be obligated to provide funding at the one hundred twenty-seven dollars (\$127) per average daily attendance rate.

*SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.*

~~SECTION 1. Section 42238.1 of the Education Code is amended to read:~~

~~42238.1. (a) For the 1986–87 fiscal year and each fiscal year up to and including the 1998–99 fiscal year, the Superintendent shall compute an inflation adjustment equal to the product of paragraphs (1) and (2):~~

~~(1) Compute the sum of the following:~~

~~(A) The statewide average base revenue limit per unit of average daily attendance for the prior fiscal year for school districts of similar type.~~

~~(B) The amount, if any, per unit of average daily attendance received by the school district pursuant to Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of Division 4 for the prior fiscal year.~~

~~(2) The percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period~~



1 ending in the third quarter of the prior fiscal year. This percentage  
2 change shall be determined using the latest data available as of  
3 May 1 of the preceding fiscal year compared with the annual  
4 average value of the same deflator for the 12-month period ending  
5 in the third quarter of the second preceding fiscal year, using the  
6 latest data available as of May 1 of the second preceding fiscal  
7 year, as reported by the Department of Finance.

8 (b) For the 1999–2000 fiscal year and each fiscal year thereafter,  
9 the Superintendent shall compute an inflation adjustment equal to  
10 the product of paragraphs (1) and (2):

11 (1) Compute the sum of the following:

12 (A) The statewide average base revenue limit per unit of average  
13 daily attendance for the prior fiscal year for school districts of  
14 similar type.

15 (B) The amount, if any, per unit of average daily attendance  
16 received by the school district pursuant to Article 8 (commencing  
17 with Section 46200) of Chapter 2 of Part 26 of Division 4 for the  
18 prior fiscal year.

19 (2) The percentage change in the annual average value of the  
20 Implicit Price Deflator for State and Local Government Purchases  
21 of Goods and Services for the United States, as published by the  
22 United States Department of Commerce for the 12-month period  
23 ending in the third quarter of the prior fiscal year. This percentage  
24 change shall be determined using the latest data available as of  
25 May 10 of the preceding fiscal year compared with the annual  
26 average value of the same deflator for the 12-month period ending  
27 in the third quarter of the second preceding fiscal year, using the  
28 latest data available as of May 10 of the preceding fiscal year, as  
29 reported by the Department of Finance.

30 (c) This section shall become operative July 1, 1986.